

NEW APPLICATION

ORIGINAL



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Arizona Corporation Commission

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

DOCKETED BY

E-04100A-09-0250

IN THE MATTER OF THE APPLICATION OF
SOUTHWEST TRANSMISSION COOPERATIVE,
INC. FOR AUTHORIZATION TO INCUR DEBT
AND SECURE LIENS IN ITS PROPERTY TO
FINANCE ITS 2009-2010 CONSTRUCTION
WORK PLAN

Docket No. E-04100A-09-_____

APPLICATION

Pursuant to A.R.S. § 40-301, *et seq.*, Southwest Transmission Cooperative, Inc.

("SWTC" or the "Cooperative") in support of its Application states as follows:

1. SWTC is an Arizona non-profit electric transmission cooperative which supplies the transmission service needs of its Class A and Class B members.

2. The Cooperative's Board of Directors is comprised of representatives of its members. Attached hereto as Exhibit A is a Board resolution approving the financing requested in this Application. This Board financing authorization is for a slightly larger borrowing amount than requested in this Application because of some project changes which have occurred since the Board resolution was passed.

3. SWTC has developed its Construction Work Plan for 2009-2010 (the "CWP"). The CWP identifies necessary improvements, upgrades and replacements to its transmission system which are anticipated to be required in the near future. Attached hereto as Exhibit B is a schedule providing additional detail on the facilities which currently comprise the CWP.

4. The far right-hand column of Exhibit B also displays information concerning five CWP projects which are direct assignment facilities (or DAFs) in which the SWTC Class A member bears a portion of the Cooperative's principal and interest repayment responsibility. As the DAF column indicates, approximately \$11.7 million, or about 24%, of the total borrowings associated with this Application are DAF projects.

5. By this Application, SWTC seeks Commission approval to obtain both interim and long-term financing for the CWP. Because federal permanent financing may not be available in the near future, SWTC asks that the Commission authorize it (a) to secure interim CWP financing in an amount not to exceed \$54.940 million from the National Rural Utilities Cooperative Finance Corporation (“CFC”) and (b) to secure a permanent loan in an amount not to exceed \$48.072 million from the Rural Utilities Service/Federal Financing Bank long-term loan program, when available, to repay and replace the CFC interim financing.

6. The Cooperative also requests that the Commission again authorize SWTC to change the specific facilities to be financed in the CWP without the necessity of filing an Amended Application so long as the total amount financed does not exceed \$48.072 million for permanent financing or \$54.940 million for interim financing.

7. This CWP revision procedure was approved for SWTC in financing Decision No. 69239 (p. 10, the Fourth and Fifth Ordering Paragraphs). It has been successfully used by SWTC and Staff on two occasions to change specific CWP projects without the time and resource involved in a formal amendment process. The process, however, still affords the Commission a review opportunity as to changes in the projects comprising the CWP.

1 WHEREFORE, having fully stated its Application, SWTC requests that the Commission
2 enter its Order;

3 A. Authorizing SWTC to secure interim financing in an amount not to exceed
4 \$54.940 million from the CFC to finance its 2009-2010 Construction Work Plan, as the same
5 may be amended;

6 B. Authorizing SWTC to secure a permanent long-term loan from the Rural Utilities
7 ~~Service/Federal Financing Bank guaranteed loan program to finance its 2009-2010 Construction~~
8 Work Plan, as the same may be amended, in an amount not to exceed \$48.072 million to replace
9 the interim financing;


10 C. Authorizing SWTC to change the specific facilities to be financed in the CWP as
11 described in paragraphs 6 and 7 and as previously authorized in Decision No. 69239;

12 D. Authorizing SWTC to grant liens in its property as required in order to secure the
13 borrowings authorized; and

14 E. Authorizing SWTC to engage in any transactions and execute any documents
15 necessary to effectuate the authorizations granted.

16 RESPECTFULLY SUBMITTED this 20th day of May, 2009.

17 GALLAGHER & KENNEDY, P.A.

18
19 By 
20 Michael M. Grant
21 2575 East Camelback Road
22 Phoenix, Arizona 85016-9225
23 Attorneys for Southwest Transmission
24 Cooperative, Inc.


1 **Original and 13 copies** filed this
20th day of May, 2009, with:

2 Docket Control
3 Arizona Corporation Commission
1200 West Washington Street
4 Phoenix, Arizona 85007

5 **Copies** of the foregoing delivered this
20th day of May, 2009, to:

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EXHIBIT A

SOUTHWEST TRANSMISSION COOPERATIVE, INC.

The following resolution was adopted at a **regular meeting** of the Board of Directors of Southwest Transmission Cooperative, Inc. (SWTC), held in Benson, Arizona on October 9, 2007.

RESOLUTION

WHEREAS, the Management of Southwest Transmission Cooperative, Inc. (SWTC) has recommended and the Board of Directors has previously approved SWTC's 2009-2010 Construction Work Plan (CWP); and

WHEREAS, Management recommends that it is in the best interest of the Cooperative and its member-owners to fund the 2009-2010 CWP through the use of long term debt acquired through a Rural Utilities Service (RUS) - Federal Financing Bank (FFB) loan; and

WHEREAS, it has been determined that the aggregate loan amount for Budget Purpose #2 projects totals \$48,587,000; and

WHEREAS, as required by Arizona statutes, SWTC is required to obtain the necessary approvals from the Arizona Corporation Commission (ACC) prior to issuing or otherwise acquiring new long term debt;

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors of Southwest Transmission Cooperative, Inc. hereby authorizes Management to file a financing application with the Rural Utilities Service for a guaranteed Federal Financing Bank loan in the amount of \$48,587,000 for Budget Purpose #2 capital projects to be used to finance the capital facilities as specified in the 2009-2010 Construction Work Plan; and

BE IT FURTHER RESOLVED, that the RUS guaranteed FFB loan shall bear a maturity date to cover a maximum period of thirty years, such period ending on December 31, 2037; and

BE IT FURTHER RESOLVED, that the Board of Directors hereby authorizes Management to file a financing application with the National Rural Utilities Cooperative Finance Corporation requesting interim financing, including, if necessary a lien accommodation from RUS until permanent financing is obtained through the RUS; and

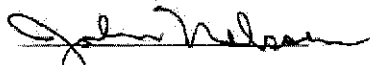

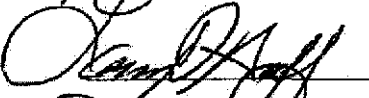

BE IT FURTHER RESOLVED, that the Board of Directors hereby authorizes Management to seek and otherwise obtain the necessary approvals from the Arizona Corporation Commission to acquire additional long term debt in the aggregate amount of \$48,587,000 to fund the Cooperative's 2009-2010 CWP; and

BE IT FURTHER RESOLVED, that the Board of Directors of SWTC hereby authorizes its officers and the President and Chief Executive Officer of SWTC to execute and attest to all necessary papers, documents, and applications related to the loan application; and

BE IT FURTHER RESOLVED, that the Chairman of the Board of Directors, any Corporate Officer and/or President and Chief Executive Officer are hereby authorized on behalf of SWTC to: (1) execute and deliver from time to time advance requests, maturity extension election notices, prepayment election notices and refinancing notices, in the form of such instruments attached to the note payable to FFB; and (2) to specify information and select the most appropriate and economical repayment option as provided in such instruments; and

BE IT FURTHER RESOLVED, that SWTC hereby authorizes the RUS to release the appropriate information and data relating to the application to the FFB and any supplemental lenders as may be necessary in connection with the execution of the loan application or the issuance of debt through the advance requests, maturity extensions, prepayment and/or refinancing notices; and

BE IT FURTHER RESOLVED, that each of the following individuals whose signatures appear below, be and hereby, are authorized to enter into and execute, in the name and on the behalf of SWTC, any such agreements and/or amendments to existing agreements necessary or appropriate to give effect to the purposes and intent of the foregoing resolutions:

<u>OFFICER</u>	<u>NAME</u>	<u>SIGNATURE</u>
Chairman	John Nelssen	
President & CEO	Donald W. Kimball	
Senior Vice President & COO	Larry D. Huff	
Chief Financial Officer	Dirk C. Minson	

I, Billy L. Adams, do hereby certify that I am Secretary/Treasurer of SWTC, and that the foregoing is a true and correct copy of the Resolution adopted by the Board of Directors at a **regular meeting** held on October 9, 2007.


Secretary/Treasurer

159616

EXHIBIT B

Southwest Transmission Cooperative, Inc.
Financing Application
2009-2010 Construction Work Plan
AZ031-D-8 Loan Application

							Information Concerning DAFs	
740C	App. A Pg.	Project Name	Project No.	2009	2010	Total Est. for D-8 Loan Financing	System	DAF
800 Transmission Lines								
800.1		Central AZ Project (CAP) 115 kV Line Loop-In to Sandario	CAPT.00887.011	\$640,000	\$0	\$640,000	\$640,000	\$0
800.2		Central AZ Project (CAP) to Valencia 115 kV Line	CAPT.00604.011	\$1,387,000	\$0	\$1,387,000	\$1,387,000	\$0
800.3		Saguaro to North Loop 115kV Line	CAPT.00888.011	\$0	\$4,424,000	\$4,424,000	\$4,424,000	\$0
800.4		North Loop to Rattlesnake 115kV Line	CAPT.00000.011		\$7,640,000	\$7,640,000	\$7,640,000	\$0
900 New Substations, Switching Stations								
900.1		New Tucson Substation	CAPT.00890.010	\$0	\$6,064,000	\$6,064,000	\$2,508,000	\$3,556,000
900.2		San Joaquin Substation	CAPT.00891.010	\$0	\$5,244,000	\$5,244,000	\$1,230,000	\$4,014,000
900.3		Adonis Substation	CAPT.00989.010	\$0	\$5,929,000	\$5,929,000	\$2,457,000	\$3,472,000
900.4		Saguaro Substation	CAPT.00000.010	\$1,264,000	\$0	\$1,264,000	\$1,264,000	\$0
1000 Line and Station Changes								
1000.1		Marana to Avra Valley 115 kV Line Upgrade	CAPT.00893.010	\$3,716,000	\$0	\$3,716,000	\$3,716,000	\$0
1000.2		Rattlesnake Substation Upgrade	CAPT.00895.010	\$0	\$1,900,000	\$1,900,000	\$1,900,000	\$0
1000.3		Sandario Substation Upgrade	CAPT.00896.010	\$1,388,000	\$0	\$1,388,000	\$1,157,000	\$231,000
1000.4		New Valencia Switchyard For Central Arizona Project (CAP) Line	CAPT.00604.010	\$2,801,000	\$0	\$2,801,000	\$2,351,000	\$450,000
1000.5		Sahuarita Relay Upgrade	CAPT.00901.010	\$230,000	\$0	\$230,000	\$230,000	\$0
1000.6		Greenlee Relay Upgrade	CAPT.00902.010	\$235,000	\$0	\$235,000	\$235,000	\$0
1000.7		San Rafael TX Monitor	CAPT.00980.010	\$115,000	\$0	\$115,000	\$115,000	\$0
1000.8		Kartchner TX Monitor	CAPT.00990.010	\$70,000	\$0	\$70,000	\$70,000	\$0
1000.9		Marana Technology Upgrade	CAPT.01100.010	\$310,000	\$0	\$310,000	\$310,000	\$0
1000.10		Topcock Security	CAPT.01095010	\$28,000	\$0	\$28,000	\$28,000	\$0
1101 Communications & SCADA								
1101.1		Benson to Vail Microwave Upgrade	CAPT.00903.010	\$1,874,000	\$0	\$1,874,000	\$1,874,000	\$0
1101.2		Substation Networking	CAPT.00904.010	\$203,000	\$0	\$203,000	\$203,000	\$0
1101.3		Substation Networking	CAPT.00905.010	\$0	\$203,000	\$203,000	\$203,000	\$0
1101.4		Benson Telephone System Upgrade	CAPT.00906.010	\$299,000	\$0	\$299,000	\$299,000	\$0
1101.5		Benson Dispatch Console Upgrade	CAPT.00907.010	\$126,000	\$0	\$126,000	\$126,000	\$0
1101.6		San Joaquin to Valencia OPGW	CAPT.00908.010	\$482,000	\$0	\$482,000	\$482,000	\$0
1101.7		San Rafael Fiber Additions	CAPT.01101.010	\$150,000	\$0	\$150,000	\$150,000	\$0
1101.8		Kartchner Fiber Additions	CAPT.01102.010	\$150,000	\$0	\$150,000	\$150,000	\$0
1102 Line and Substation Ordinary Replacements								
1102.1		2009 Transmission Renewals/Replacements	LINES09.010	\$450,000	\$0	\$450,000	\$450,000	\$0
1102.2		2010 Transmission Renewals/Replacements	LINES10.010	\$0	\$450,000	\$450,000	\$450,000	\$0
1102.3		2009 Substation Renewals/Replacements	CAPT.01103.010	\$150,000	\$0	\$150,000	\$150,000	\$0
1102.4		2010 Substation Renewals/Replacements	CAPT.01104.010	\$0	\$150,000	\$150,000	\$150,000	\$0
Totals				\$16,068,000	\$32,004,000	\$48,072,000	\$36,349,000	\$11,723,000